



**DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

P.O. Box 690, Jefferson City, Mo. 65102-0690

RE: Examination Report of Traders Insurance Company for the period ended December 31, 2011

ORDER

After full consideration and review of the report of the financial examination of Traders Insurance Company for the period ended December 31, 2011, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, John M. Huff, Director, Missouri Department of Insurance, Financial Institutions and Professional Registration pursuant to section 374.205.3(3)(a), RSMo., adopt such examination report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, I hereby incorporate by reference and deem the following parts of such report to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo: summary of significant findings, subsequent events, company history, corporate records, management and control, fidelity bond and other insurance, pension, stock ownership and insurance plans, territory and plan of operations, growth of the company and loss experience, reinsurance, accounts and records, statutory deposits, financial statements, financial statement changes resulting from examination, and comments on financial statement items.

Based on such findings and conclusions, I hereby ORDER, that the report of the Financial Examination of Traders Insurance Company as of December 31, 2011, be and is hereby ADOPTED as filed and for Traders Insurance Company to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed by such report: (1) implement, and verify compliance with each item, if any, mentioned in the Comments on Financial Statement Items and/or Summary of Recommendations section of such report; (2) account for its financial condition and affairs in a manner consistent with the Director's findings and conclusions.

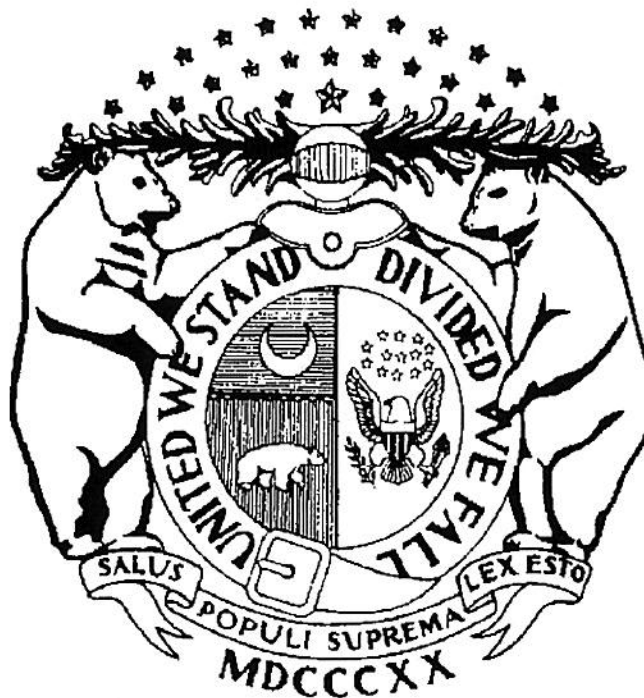
So ordered, signed and official seal affixed this 13th day of December, 2012.



John M. Huff, Director
Department of Insurance, Financial
Institutions and Professional Registration

**REPORT OF THE
FINANCIAL EXAMINATION OF
TRADERS INSURANCE COMPANY
AS OF
DECEMBER 31, 2011**

FILED
DEC 23 2012
**DIRECTOR OF INSURANCE &
FINANCIAL INSTITUTIONS &
PROFESSIONAL REGISTRATION**



**STATE OF MISSOURI
DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND
PROFESSIONAL REGISTRATION
JEFFERSON CITY, MISSOURI**

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Kansas City, MO
October 30, 2012

Honorable John M. Huff, Director
Missouri Department of Insurance, Financial
Institutions and Professional Registration
301 West High Street, Room 530
Jefferson City, Missouri 65102

Director Huff:

In accordance with your financial examination warrant, a full scope financial association examination has been made of the records, affairs and financial condition of

Traders Insurance Company

hereinafter referred to as Traders or as the Company. Its main administrative office is located at 8916 Troost, Kansas City, MO. The fieldwork for this examination began on May 1, 2012, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

We have performed a multi-state examination of Traders Insurance Company. The last examination was completed as of December 31, 2008. This examination covers the period of January 1, 2009 through December 31, 2011. The examination also includes the material transactions and/or events occurring subsequent to December 31, 2011.

Procedures

We conducted our examination in accordance with the NAIC Financial Condition Examiners Handbook (Handbook) except where practices, procedures and applicable regulations of the Missouri Department of Insurance, Financial Institutions and Professional Registration (DIFP) and statutes of the State of Missouri prevailed. The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company, including corporate governance, inherent risks within the Company, system controls, and procedures used to mitigate those risks. This examination also included assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation and management's compliance with Statutory Accounting Principles and annual statement instructions.

All accounts and activities of the Company were considered in accordance with the risk-focused examination approach. Key activities for Traders included: Investments, Premiums, Underwriting, Actuarial Reserves, Claims, Related Parties, and Taxes.

Reliance Upon Others

The examination relied heavily upon information provided by the Company and its management. Where the examiners have deemed appropriate, this information has been tested or verified with external sources. The examiners also relied upon information supplied by the Company's independent auditor, Johnson Lambert & Co. LLP of Jacksonville, FL for its audits covering the period from January 1, 2011 through December 31, 2011. Information relied upon included fraud risk analysis, narrative descriptions of processes and controls, investment confirmations, and claims data accuracy testing.

SUMMARY OF SIGNIFICANT FINDINGS

There were no material adverse findings, significant non-compliance issues, or material changes to the financial statements noted during the examination.

SUBSEQUENT EVENTS

There were no significant subsequent events noted from December 31, 2011 through the date of this report.

CORPORATE HISTORY

General

Traders was incorporated on December 12, 1980, as a stock casualty insurance company under RSMo 379 (Insurance other than life), and commenced business effective July 7, 1982. The Company is wholly owned by Traders General Agency, Inc. (TGA), which is exclusively owned by The Concannon Family. Prior to March 5, 2009, The Concannon Family consisted of Mark C. Concannon, Lorie I. Concannon, Timothy J. Hatfield, Raeann M. Hatfield, the Trustees of the Bernard P. Concannon Jr. Trust, and the Trustees of the Barbara J. Concannon Trust. Effective March 5, 2009, TGA redeemed 250 shares of common stock from Timothy J. and Raeann M. Hatfield. This resulted in Mark and Lorie Concannon holding a majority of stock at 52.7%; however, the remaining parties are to have equal voting rights per a shareholder voting agreement filed with the DIFP.

Capital Contributions

The Company received no contributions during the examination period.

Dividends

The Company did not issue any dividends during the examination period.

Mergers and Acquisition

No mergers or acquisitions have occurred during the examination period.

CORPORATE RECORDS

A review was made of the Company's Articles of Incorporation and Bylaws for the period under examination. There were no amendments or changes to the Articles of Incorporation and Bylaws during the examination period.

The minutes of the Company's Board of Directors, audit committee, and sole shareholder meetings were reviewed and in general, appear to properly reflect and approve the corporate transactions and events for the period under examination.

MANAGEMENT AND CONTROL**Board of Directors**

The management of Traders is vested in a Board of Directors elected by the sole shareholder. Pursuant to the Company's Bylaws, the number of Directors shall be no fewer than nine and no more than fifteen. As of December 31, 2011, there were nine directors serving on the Board of Directors. The Directors of Traders Insurance Company elected and serving as of December 31, 2011 were as follows:

<u>Name and Address</u>	<u>Address</u>	<u>Occupation and Business Affiliation</u>
Mark C. Concannon	Kansas City, MO	President/CEO Traders Insurance Company
Barbara J. Concannon	Kansas City, MO	Vice President/Treasurer Traders Insurance Company
Patrick J. Concannon	Kansas City, MO	Executive Vice President, COO, Secretary Traders Insurance Company
Michael F. Concannon	Louisiana, MO	Retired Michael F. Concannon, Inc.
Jeremiah H. Concannon	St. Louis, MO	Retired Health Benefits Services of St. Louis, Inc.
Donald C. Daniels	Kansas City, MO	Retired Davidson-Babcock
William A. Dial, Jr.	Atlanta, GA	President Peachtree Casualty Insurance Company & First Insurance Network, Inc.
Mary M. McCalla	Kansas City, MO	Field Accountant USDA
James A. Hezel	New Braunfels, TX	President Hezel Search Consultants

Committees

The Company's Bylaws provide for the Board of Directors to have exclusive power and authority to manage the affairs of the Company, but it shall also have the power to delegate specific functions to designated committees. The Board created an Audit Committee during the period under examination consisting of all above Board members excluding the President, Mark Concannon.

Officers

Pursuant to the Company's Bylaws, the officers of the Company shall be a President, one or more Vice Presidents, a Secretary and such other officers as may be elected or appointed by the Board of Directors. The officers elected and serving in that capacity, as of December 31, 2011, were as follows:

<u>Name</u>	<u>Title</u>
Mark C. Concannon	President & Chief Executive Officer
Barbara J. Concannon	Vice President/Treasurer
Patrick J. Concannon	Executive Vice President, Chief Operating Officer, & Secretary

Holding Company, Subsidiaries and Affiliates

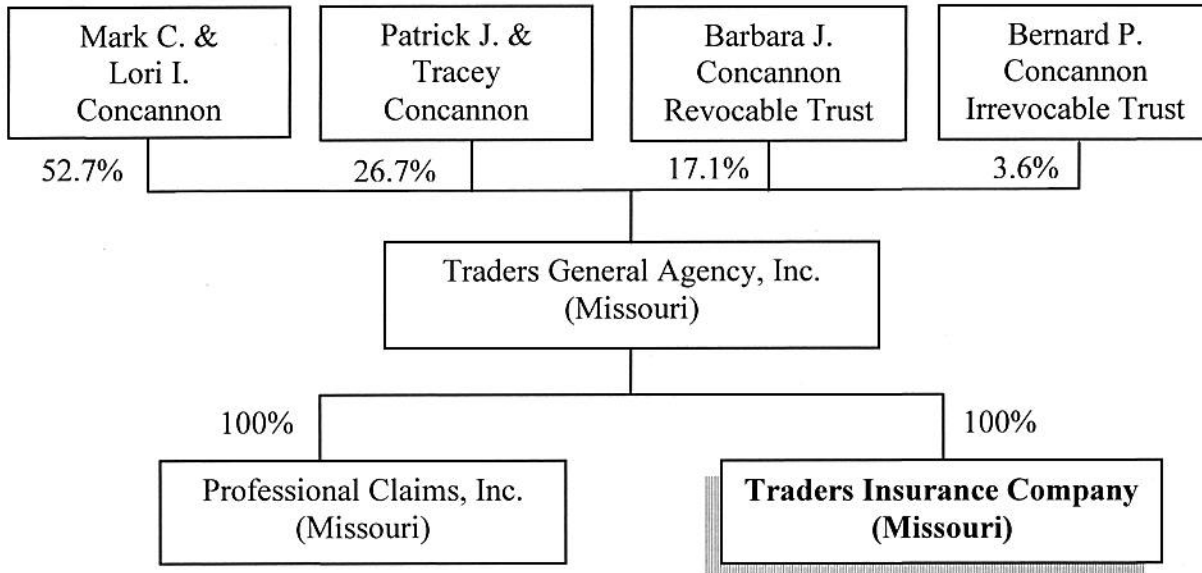
Traders Insurance Company is a member of an insurance holding company system as defined by Section 382.010 RSMo (Definitions). Insurance Company Registration Statements were filed by the Company during each of the years under examination.

The Company is wholly owned by Traders General Agency, Inc., a Missouri corporation. As of December 31, 2011, TGA, was owned by the following individuals and entities: Mark C. and Lorie I. Concannon, 395 shares or 52.7%; Patrick J. and Tracey Concannon, 200 shares or 26.7%; Barbara J. Concannon Revocable Trust, 128 shares or 17%; and Bernard P. Concannon, Jr. Trust, 27 shares or 3.6%.

By virtue of the percentage ownership interest in TGA, Mark C. and Lorie I. Concannon are effectively the ultimate controlling persons of both TGA and Traders; however, the shareholders entered into a Shareholder Voting Agreement creating an equal one-third controlling interest to prevent a greater voting interest for any shareholder regardless of the amount of shares owned. Subsequently, no one shareholder, person, or entity is deemed the ultimate controlling person of TGA or Traders.

Organizational Chart

The following organizational chart depicts the ownership and holding company structure of Traders, as of December 31, 2011.

**Intercompany Transactions**

The Company has the following agreements with its affiliated companies:

1. Type: Management Agreement

Parties: Traders and TGA

Effective: September 1, 1990, amended May 4, 2011

Terms: TGA provides various marketing, underwriting, and processing services to Traders. Monies collected by TGA are to be deposited in Traders' premium trust account, which shall receive interest earned on the funds held. For its services, TGA receives commission rates on automobile coverages of 22.5% for all states and 27.5% on residential and mobile home coverages for all states except Oklahoma. The total commission paid to TGA is reduced by an amount equal to 7.5% of direct earned premiums if the loss ratio for the calendar year is 60% or greater, or by an amount equal to the amount the loss ratio for the calendar year exceeds 52.5%, if the loss ratio is greater than 52.5% but less than 60%. Traders also reimburses TGA 95% for expense constants, premium billing fees, and safety responsibility fees associated with policies serviced by TGA.

2. Type: Expense Sharing Agreement

Parties: Traders, TGA, and Professional Claims, Inc. (PCI)

Effective: April 1, 2001, amended January 1, 2010

Terms: Expenses that benefit Traders and its affiliates are allocated equally, such as salaries for senior management and accounting and information systems expenses. Pricing/statistical services, marketing services, underwriting reports, and software related to product management are 100% allocated to TGA. Claims services, licensing, premium taxes, other insurance department taxes and fees, actuarial expenses, DIFP audit expenses, and the Freedom Annual Statement software are 100% allocated to the Company. There is to be an accounting of the transactions covered by the agreement not less than quarterly. Any party owing money as of the accounting date shall pay a balance due from that party to any other party with a credit balance.

3. Type: Tax Sharing Agreement

Parties: Traders, TGA, and PCI

Effective: October 16, 2008

Terms: The agreement requires all member companies to file a consolidated tax return. Tax liabilities of the group are allocated on a proportional percentage of the total tax had the returns been completed separately. The tax liability for any member shall not exceed that member's tax liability if such member were filing a separate stand alone return. If any member must pay an excess amount, it will be allocated back to those members to whom it is attributable.

4. Type: Lease (Sub-Lease) Agreement

Parties: Traders and TGA

Effective: January 1, 2003, amended October 16, 2008

Terms: Traders agrees to sub-lease office space for its home office from TGA. Rent is based on the lease costs to TGA and the amount of space utilized by Traders. The rent due to TGA is \$9.45 per square foot on an annual basis for 6,191 square feet, resulting in monthly rent of \$4,875 for Traders. The agreement automatically renews each year unless terminated.

5. Type: Claims Management Agreement

Parties: Traders and PCI

Effective: September 1, 1990

Terms: PCI provides claims management and adjusting services to Traders. Fees for loss adjusting expenses are to be determined based on the time and expenses allocated to each claim file for adjustment services per a fee schedule contained in the agreement. *It should be noted that the fee section of this agreement is currently inactive as the fees associated with the agreement are determined under the provisions of the Expense Sharing Agreement described in Item #2 above.*

The following is a table of amounts (paid) under the above described intercompany agreements to TGA.

Agreement	2011	2010	2009
Management Agreement	\$ (5,461,618)	\$ (4,246,587)	\$ (4,335,005)
Expense Sharing Agreement	(1,738,904)	(1,505,824)	(2,006,253)
Lease Agreement	(58,500)	(58,500)	(58,500)
Total (Paid) to TGA	<u>\$ (7,259,022)</u>	<u>\$ (5,810,911)</u>	<u>\$ (6,399,758)</u>

FIDELITY BOND AND OTHER INSURANCE COVERAGES

The Company is a named insured on a Financial Institution Bond purchased through its parent, TGA. The bond provides coverage with a liability limit of \$1,000,000 and a \$25,000 deductible. This level of coverage is sufficient to meet the suggested minimum amount of fidelity insurance coverage according to NAIC guidelines.

Traders is also a named insured on various policies purchased by TGA. These policies include Business Owner's Liability, Employee Errors and Omission Liability, Commercial Automobile, Employee Errors and Omissions Excess Liability, Workers' Compensation Liability, and Directors' and Officers' Liability.

PENSION, STOCK OWNERSHIP AND INSURANCE PLANS

Traders Insurance Company employees are paid by, and receive benefits from, the Company's direct parent, TGA, in accordance with the provisions of the Expense Sharing Agreement that is explained in greater detail in the Intercompany Transactions section of this report.

TGA maintains a 401(k) profit sharing plan for substantially all employees and provides a variety of other benefits which include, but are not limited to, medical, dental, vision, life, short-term and long-term disability, and cancer insurance and a Section 125 Flexible Spending Health Savings Accounts.

The Company's Board of Directors approved an Officers Incentive Compensation Plan effective January 1, 2011 applicable to the CEO and the COO and a Profit Sharing Plan for other officers and key personnel effective January 1, 2012.

INSURANCE PRODUCTS AND RELATED PRACTICES

Territory and Plan of Operations

Traders Insurance Company is licensed under RSMo Chapter 379 (Insurance other than life), to write the business of property and casualty insurance. As of December 31, 2011, the Company was also licensed in the states of Arizona, Arkansas, Florida, Indiana, Iowa, Kansas, Kentucky, Nebraska, New Mexico, Oklahoma, and Wisconsin.

The Company writes non-standard private passenger automobile liability and property damage coverage in Arkansas, Missouri, Kansas, and Oklahoma. Oklahoma, Kansas, and Missouri comprise the majority of the Company's direct written premiums with 34.1%, 32.6%, and 26.5% respectively. Automobile liability coverage represents 82% of direct written premiums in 2011 with the remaining 18% consisting of property damage.

The Company markets its business through 447 independent agencies. The Company's parent, TGA contracts with and supervises third-party independent agents on behalf of the Company, in addition to marketing and premium processing services for the Company.

GROWTH OF THE COMPANY AND LOSS EXPERIENCE

The Company's capital and surplus has increased \$1.1 million during the examination period. During 2010 and 2011, the Company experienced significant growth in written premiums on both a direct and net basis. These increases were due to significant growth in direct premiums in Oklahoma and the termination of a long-standing quota share reinsurance arrangement effective July 1, 2010.

Premiums earned have increased \$8.5 million during the examination period with an overall increase in loss experience of \$1.8 million. The growth and loss experience of the Company is summarized in the following schedule:

	2011	2010	2009
Direct Written Business	\$ 19,608,166	\$ 16,792,218	\$ 14,904,273
Net Written Premiums	19,526,458	14,542,808	10,432,991
Net Underwriting Gain	350,495	(281,316)	(120,494)
Net Income (Loss)	616,797	172,964	(5,317)
Net Loss & LAE Reserves	7,733,726	5,500,959	4,717,165
Total Capital & Surplus	5,161,962	4,491,321	4,094,376
Direct Written Premium to Capital & Surplus	379.9%	373.9%	364.0%
Net Written Premium to Capital & Surplus	378.3%	323.8%	254.8%
Net Loss & LAE Reserves to Capital & Surplus	149.8%	122.5%	115.2%
Loss and LAE Incurred to Premium Earned	69.7%	70.2%	69.4%

REINSURANCE

General

The Company's reinsurance and premium activity during the period under examination is as follows:

<u>Premiums</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Direct	\$19,608,166	\$16,792,218	\$14,904,273
Assumed	-	-	-
Ceded	(81,708)	(2,249,410)	(4,471,282)
Net Premiums Written	<u>\$19,526,458</u>	<u>\$14,542,808</u>	<u>\$10,432,991</u>

Assumed

The Company did not assume any premiums during the period under examination.

Ceded

Effective June 1, 2004, the Company executed a private passenger automobile quota share reinsurance contract with Dorinco Reinsurance Company (Dorinco). The agreement remained in effect until terminated on July 1, 2010 and is currently in run-off. Under this agreement, the Company ceded 30% of the liability on all business written to Dorinco, subject to the reinsurer's retention.

The agreement provided for the Company to receive a provisional ceding commission equal to 27% of premiums earned plus 100% of all policy fees, which was subject to adjustment depending on the actual loss ratio of the business ceded for each underwriting year.

Effective March 11, 2010, the Company entered into an Auto Physical Damage Catastrophe Excess of Loss agreement with various Underwriting Members of Lloyd's. The coverage applies to any single loss event involving two or more risks for 100% of net losses above \$100,000 not to exceed \$700,000. This agreement was terminated effective July 1, 2010.

Effective July 1, 2010, the Company entered into an Auto Physical Damage Catastrophe Excess of Loss agreement with various Underwriting Members of Lloyd's. The coverage applies to any single loss event involving two or more risks and involves two layers of coverage. The first is a \$350,000 layer in excess of a \$150,000 net loss and the second is a \$500,000 layer in excess of a \$500,000 net loss. The reinsurer's liability shall be limited to \$1.4 million on the first layer and \$1 million for the second. This agreement was renewed effective July 1, 2011 for the same coverage.

The Company renewed its Excess of Loss agreement with the various Underwriting Members of Lloyd's effective July 1, 2012 with amended coverage for both layers. The first is a \$250,000 layer in excess of a \$250,000 net loss and the second is a \$500,000 layer in excess of a \$500,000 net loss. The reinsurer's liability shall be limited to \$750,000 on the first layer and \$2 million for the second.

The Company is contingently liable for all reinsurance losses ceded or retroceded to others. This contingent liability would become an actual liability in the event that an assuming reinsurer fails to perform its obligations under the reinsurance agreement.

ACCOUNTS AND RECORDS

Traders' information systems are located at the Company's home office in Kansas City, Missouri, which is utilized in conjunction with its affiliates. The Company mostly utilizes Dell PowerEdge 2950 servers with Window operating systems and SQL databases. The Company significant applications are the Policy Tracking System, IMS, PMS, and the Enterprise Accounting System; which are utilized for policy and producer, claims, reinsurance, and financial reporting management functions respectively. Traders currently outsources technology support services, including backup and recovery functions to Versent Group, LLC, located in Kansas City, MO.

The CPA firm of Johnson Lambert & Company, LLP, Charleston, South Carolina performed the Company's statutory audit for the years ending December 31, 2011, 2010, and 2009. Glen A. Tobleman, FCAS, FSA, MAA of Lewis & Ellis, Inc., Richardson, Texas reviewed and certified the Company's year ending December 31, 2011 loss reserves. Loss reserves of the Company were reviewed and certified by Thomas F. Head, ACAS, MAAA, of Professional Actuarial Services, Inc., Fort Worth, Texas for the Years ending December 31, 2010 and 2009.

STATUTORY DEPOSITS

Deposits with the State of Missouri

The funds on deposit with the DIFP as of December 31, 2011, as reflected below, were sufficient to meet the capital deposit requirements for the State of Missouri in accordance with RSMo Section 379.098 (Securities to be deposited by all companies). The Company's required deposit was \$1,200,000. The funds on deposit were as follows:

<u>Description</u>	<u>Par Value</u>	<u>Fair Value</u>	<u>Book/Adjusted Carrying Value</u>
U.S. Treasury Notes	\$ 1,590,000	\$ 1,774,081	\$ 1,620,430

Deposits with Other States

The Company also has funds on deposit with various other states. The funds on deposit as of December 31, 2011, were as follows:

<u>State</u>	<u>Type of Bond</u>	<u>Par Value</u>	<u>Fair Value</u>	<u>Statement Value</u>
Florida	Various	\$ 802,250	\$ 835,147	\$ 803,613
New Mexico	U.S. Treasury Notes	325,000	372,538	329,321
Totals		<u>\$ 1,127,250</u>	<u>\$ 1,207,685</u>	<u>\$ 1,132,934</u>

FINANCIAL STATEMENTS

The following financial statements, with supporting exhibits, present the financial condition of Traders Insurance Company for the period ending December 31, 2011. Any examination adjustments to the amounts reported in the financial statements and/or comments regarding such are made in the "Comments on Financial Statement Items". The failure of any column of numbers to add to its respective total is due to rounding or truncation.

There may have been additional differences found in the course of this examination, which are not shown in the "Comments on Financial Statement Items". These differences were determined to be immaterial concerning their effect on the financial statements and, therefore; were only communicated to the Company and noted in the workpapers for each individual activity.

	<u>Assets</u>		
	Assets	Non-Admitted Assets	Net Admitted Assets
Bonds	\$ 8,548,039	\$ -	\$ 8,548,039
Cash, Cash Equivalents and Short-term Investments	7,158,579	-	7,158,579
Investment Income Due and Accrued	51,334	-	51,334
Deferred Premiums, Agent Balances, and Installments Booked and Not Yet Due	3,545,687	-	3,545,687
Amounts Recoverable from Reinsurers	19,724	-	19,724
Other Amounts Receivable Under Reinsurance Contracts	550	-	550
Net Deferred Tax Asset	529,864	83,712	446,152
Guaranty Funds Receivable or on Deposit	7,796	-	7,796
Aggr. Write-Ins for Other than Invested Assets:			
Miscellaneous Prepays	51,816	51,816	-
Premium Tax Recoverable	7,990	-	7,990
TOTAL ASSETS	\$ 19,921,379	\$ 135,528	\$ 19,785,851

Liabilities, Surplus and Other Funds

Losses	\$ 6,508,898
Loss Adjustment Expenses	1,224,828
Other Expenses (Excluding Taxes, Licenses and Fees)	12,337
Taxes, Licenses and Fees (Excluding Federal and Foreign Income Taxes)	125,819
Current Federal Income Taxes	114,809
Unearned Premiums	4,855,264
Advance Premium	4,543
Ceded Reinsurance Premiums Payable (Net of Ceding Commissions)	21,210
Payable to Parent, Subsidiaries and Affiliates	1,086,516
Payable for Securities	625,000
Aggregate Write-Ins for Liabilities:	
Escheat Property Payable	35,389
Guarantee Fund Payable	9,279
TOTAL LIABILITIES	\$ 14,623,889
Common Capital Stock	805,000
Preferred Capital Stock	400,000
Gross Paid In and Contributed Surplus	4,406,011
Unassigned Funds (Surplus)	(449,049)
Surplus as Regards Policyholders	\$ 5,161,962
TOTAL LIABILITIES AND SURPLUS	\$ 19,785,851

Statement of Income**Underwriting Income:**

Premiums Earned	\$ 18,953,110
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Deductions:

Losses Incurred	11,416,694
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Loss Adjustment Expenses Incurred	1,792,563
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Other Underwriting Expenses Incurred	5,393,359
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Net Underwriting Gain or (Loss)	\$ 350,495
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Investment Income:

Net Investment Income Earned	\$ 166,396
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Net Realized Capital Gains or (Losses)	2,515
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Net Investment Gain or (Loss)	\$ 168,910
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Other Income:

Finance and Service Charges Not Included in Premiums	\$ 449,159
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Aggregate Write-ins for Miscellaneous Income:

Miscellaneous Income	3,998
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Total Other Income	\$ 453,157
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Net Income Before Federal and Foreign Income Taxes	\$ 972,562
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Federal Income Taxes Incurred	355,765
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NET INCOME	\$ 616,797
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Capital and Surplus Account

Surplus as Regards Policyholders, December 31, 2010	\$ 4,491,321
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Net Income	616,797
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Change in Net Deferred Income Tax	52,847
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Change in Non-Admitted Assets	997
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Change in Surplus as Regards Policyholders for the year	\$ 670,641
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Surplus as Regards Policyholders, December 31, 2011	\$ 5,161,962
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FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION

None

COMMENTS ON FINANCIAL STATEMENT ITEMS

None

SUMMARY OF RECOMMENDATIONS

None

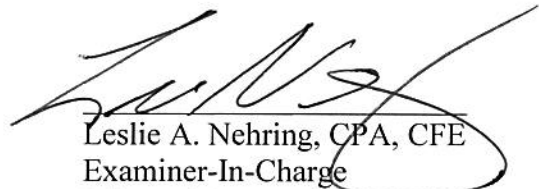
ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of Traders Insurance Company during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Steven Koonse, CFE; Scott Rennick, CFE; and Emily Turek examiners for the DIFP, participated in this examination.

VERIFICATION

State of Missouri)
County of Jackson)

I, Leslie A. Nehring, CPA, CFE, on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records or other documents of Traders Insurance Company, its agents or other persons examined or as ascertained from the testimony of its officers or agents or other persons examined concerning its affairs and such conclusions and recommendations as the examiners find reasonably warranted from the facts.


Leslie A. Nehring, CPA, CFE
Examiner-In-Charge

Missouri Department of Insurance, Financial
Institutions and Professional Registration

Sworn to and subscribed before me this 30th^{BMW} day of October, 2012.

My commission expires:

04-14-2012


Notary Public



BEVERLY M. WEBB
My Commission Expires
April 14, 2016
Clay County
Commission #12464070

SUPERVISION

The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with NAIC procedures and guidelines as contained in the Financial Condition Examiners Handbook has been confirmed, except where practices, procedures and applicable regulations of the DIFP and statutes of the State of Missouri prevailed.

A handwritten signature in black ink, appearing to read "Mark A. Nance", written over a horizontal line.

Mark A. Nance, CFE, CPA

Audit Manager

Missouri Department of Insurance, Financial
Institutions and Professional Registration